Juniper

Internal Scrutiny Report

Financial Controls

2023-24

Michaela Community School

Review 3 of 3: June 2024

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Executive Summary

This report provides assurance that adequate controls are being operated within the trust, based on the understanding that the information provided during the review is accurate and complete. It should be noted however that recommendations to improve controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

Recommendations raised in the report issued should be considered by the board of trustees / Audit and Risk Committee to assist them in providing assurance over the suitability of, and compliance with, the systems and operational controls in place.

No fraud was identified or reported to us for the 2023-24 period. It remains the responsibility: of management to manage the control environment to help identify potential fraud and prevent the likelihood of fraud occurring.

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Introduction

The Academy trust handbook specifies

> *3.1 All academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.*

Providing that the trust has selected a scope of work for financial and non-financial controls and has considered its risk register, this Internal Scrutiny Report demonstrates how the trust meets the Academy trust handbook 2023 internal scrutiny requirements.

Please note that this report is an exception report and therefore only contains the details of any issues arising from the review of the scope of work detailed below.

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Scope

The relevant board, informed by its risk register approved the below scope of work:

Governance Framework 2
Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information.
Internal Scrutiny
ESFA Oversight
Publication
Unresolved Issues

Procurement
Review to establish the effectiveness of controls and processes for all areas of procurement.
Purchase card
Quotations
Tenders
Authorisation levels
Expenditure sample testing
Value for Money
Unresolved issues

Payroll
Review to determine the appropriateness and effectiveness of the controls and processes in place, around administration, approval, and segregation of duties in all areas of payroll processing.
Payroll process
Segregation of duties
Financial regulations
Sample testing
Additional hours
Special payments
Unresolved issues

Assessment of policy content for appropriateness is outside of the scope for this review. The trust should satisfy themselves that relevant policies are in place and that the content for each policy is appropriate.

Juniper does offer a separate review examining the policies in place and their content. Please contact the Juniper Audit Manager if this is something the trust would like to consider.

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Summary of work undertaken

Governance Framework

Part 2 – The review examined the controls and processes in place to ensure that the internal scrutiny programme was overseen and approved by the audit and risk committee and that it could be linked to the risk register primarily through evidence contained in meeting minutes and action plans.

Evidence to support trust compliance with ESFA submission requirements were reviewed (for example, Schools Resource Management Self-Assessment Checklist)

Requirements for the publication of governance arrangements contained in the Academy trust handbook (ATH) s1.42, 1.44 and 2.29 were checked against the trust's website.

Procurement

The trust's Financial Regulations were examined to ensure that adequate controls and appropriate authorisation levels are in place regarding all aspects of procurement.

Purchase card statements were examined to ensure appropriate overview.

A sample of expenditure was selected to test for compliance with controls set out in the Financial Regulations and those expected as best practice. Where available the process for ordering goods requiring quotations and tenders were examined and tested.

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Payroll

The Financial Regulations and Teachers Pay Policy were checked for review and approval by the board of governors.

Financial Regulations were examined to ensure that sufficient controls are set out for payroll.

Administration and authorisation levels were checked for the payroll provider for segregation of duties and alignment with the Financial Regulations.

For a selected month documentation relating to the agreement and approval of payroll were examined for appropriate independent review

A new starter was examined for evidence of pre-employment checks being completed.

A sample of additional hours claims are reviewed and traced from claim through to payslip.

A sample of employees were selected to check for accuracy of salary payments, and agreement with information held within the personnel file.

A sample of leavers were checked against payroll reports to ensure that payments have ceased.

Individual recommendations Key:

High Priority	Trustees must review this recommendation as a priority.
Medium Priority	Internal controls should be strengthened to minimise risk**.**
Low Priority	Internal control could be strengthened in line with best practice, but little risk of material loss.
Note/area of consideration	Comment for information only

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Summary of Findings

RAG	Finding	Recommendation	
Governance Framework 2			
Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.			
Procurement			
Low Priority	It was advised that the employment status (to establish the liability for tax and NI contributions) had not been considered for: • Mathew Rose for security services • Andrew Capone for tuition services	Academies must abide by HMRC guidelines and employment law when making payments for services provided. The 'Check Employment Status for Tax' tool should be used, when applicable, to establish the classification of the role performed by an individual and whether the academy is liable for the tax and N.I. contributions owed to the Inland Revenue by individuals, as well as the contributions owed by the academy. If the academy disputes the HMRC result or the tool returns an 'unable to determine' result, it is advised that the academy contacts HMRC to discuss and verify the result. (Telephone number: 0300 123 2326.)	
Management Response:	These specific roles have now come to an end, but status checks will be carried out for future similar roles.	*Responsibility / Due Date:*	Finance Manager/Operations Manager, as required

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RAG	Finding	Recommendation	
Low Priority	Section 8 of the Finance Policy & Regulations states "requests for goods or services are made to the Finance Assistant who raises a purchase order on Sage (if order is in excess of £2,000) and places the order". The sample highlighted nine non-order invoices where the invoice, or the annual expenditure for that supplier, was more than £2,000.	The approved Finance Policy & Regulations should be adhered to. Orders should be raised on the financial accounting system to allow the authorising signatory to review and approve the expenditure prior to an invoice being received for goods or services supplied.	
Management Response:	Raising of purchase orders to be discontinued, Finance Policy to be updated to reflect this change and brought to governors for approval at the meeting on 08.07.24	*Responsibility / Due Date:*	Finance Manager, 08.07.24

Payroll

Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.

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Notes / Areas for Consideration

Governance Framework 2	
Internal Scrutiny	Section 3.3 of the Academy Trust Handbook states that "the trust must identify on a risk-basis (with reference to the risk register) the areas it will review each year." This is to ensure all categories of risk are being adequately identified, reported and managed. Trust minutes did not clearly indicate that the risk register had been considered in order to decide on the scope of the internal scrutiny work. It is recommended that the minutes clearly show the sources of information (including the risk register) considered in order to establish the scope of internal scrutiny work.
ESFA	It could not be evidenced that the Board of Trustees have formally reviewed and discussed the 'Dear Accounting Officer' letter dated July 23. Section 6.2 of the Academy trust handbook states that Accounting Officers must share 'Dear Accounting Officer' letters with their members, trustees, Chief Financial Officer and senior leadership team, and arrange for the board to discuss it and take action, if necessary, to strengthen financial controls.
Publication	The trust's governance arrangements have not been published on the trust's website. Section 1.44 of the Academy trust handbook states that "The trust must also publish on its website up-to-date details of its governance arrangements in a readily accessible format, including: • the structure and remit of the trust's members, board of trustees, committees and local committees/governing bodies (the trust's scheme of delegation for governance functions), and the full names of the chair of each".

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Key Contacts

Juniper Education Review Consultant	Sian Smith
Juniper Review Programme Manager	Joanne Ward FCCA
Juniper Audit Manager	Carly Quick Crockford ACCA
Information Provided by	Finance Manager
Exit meeting attended by	Finance Manager
Chair of the Board of Trustees	Chindi Amadi
Headteacher / AO	Katherine Birbalsingh
Finance Manager / CFO	Ali Mansfield
Financial Accounting System	Sage 50 Accounts Professional

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EMERGING ISSUES

Acquiring and Converting a New School

An education whitepaper published in March 2022, set out the Government's ambition for all schools to be part of a multi-academy trust by 2030. Trusts will be looking to acquire further schools. Juniper can help with the due diligence for this process. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Wellbeing

It has been reported that staff stress levels are high, leading to many staff leaving the education sector altogether. Mitigating the impact of stress in the workforce should be implemented into everyday trust life by use of a wellbeing charter and strategies and structures that are put in place. Juniper can assess the general wellbeing of staff and provide suitable recommendations to help improve staff wellbeing and staff retention. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Cyber Security

Cyber security has continued to be a growing area of concern and risk over the past 18 months, with more people working remotely and an increased frequency of email hacking, phishing and malvertising. The July 2020 governance update advises that schools should include an assessment of cyber security within their risk registers, and the ESFA have produced further guidance and suggested questions that trustees can ask on the National Cyber Security Centre website.

GDPR

An increasing number of schools are incurring unplanned costs, both direct and indirect, because of the increase in basic, and easily avoidable, data protection incidents and poorly managed school communications. This is combined with the increasing awareness of data subject of their right to bring a claim [on average in the order of £5,000 per claimant], directly against a school, leading to considerable potential risk to a school. Our GPDR associate has created a briefing video which helps you understand the changing risk to your school and employ some basic strategies and resources to help mitigate them and protect your school against unplanned costs. If you would like access to this briefing, please contact carly.quickcrockford@junipereducation.org

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USEFUL LINKS

ACADEMY TRUST HANDBOOK

The Academy trust handbook 2023 is effective from September 2023. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

Academy Trust Handbook 2023 (publishing.service.gov.uk)

INTERNAL SCRUTINY IN ACADEMY TRUSTS

This good practice guide provides guidance for trustees, audit and risk committees, accounting officers, and chief financial officers (CFOs) in academy trusts.

Internal scrutiny in academy trusts - GOV.UK (www.gov.uk)

Bespoke Reviews

If our portfolio of reviews does not include a particular area of interest or risk identified by the trust board, please contact us to discuss our bespoke review options.

Consulting

Juniper is available to provide consulting services in many areas of running a multi academy trust, from centralisation implementation and restructuring to expansion and attracting schools. Please contact us if you would like more information on our consulting work.

Non-Financial Reviews Offered

PE & Sports Premium Review

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Schools must use PE and sport premium funding to make additional and sustainable improvements to the quality of the PE, physical activity, and sport they provide. Our review will look at whether the funding is being used effectively to develop and add to your provision and examine your own evaluation of the impact using the 5 key indicators set out in the DfE guidance.

Pupil & Recovery Premium Review

Evidence shows that disadvantaged children generally face additional challenges in reaching their potential at school and often do not perform as well as other pupils. Pupil and recovery premium grants provide funding for schools to provide extra support for these pupils. Our review team will take on the role of ‘critical friend’, highlighting areas of strength around the school’s approach to the use of the premiums, but also identifying what can be improved.

Safeguarding Internal Scrutiny Review

Keeping pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A safeguarding internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Internal Scrutiny Review

Children and young people with special educational needs and disabilities should achieve well in their early years, at school and in college, and lead happy and fulfilled lives. Supporting SEND pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A SEND internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Ofsted Audit

Though Ofsted doesn’t give separate grades for a school’s SEND provision, the evidence gathered is used to inform other judgements. Therefore, schools may find it useful to consider their provision in the same way as an inspection might.

We are pleased to offer an audit focussing on Ofsted criteria, in particular the requirements of paragraphs 360 to 364 of the inspection handbook.

Sustainability Internal Scrutiny Review

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Children and young people should have an understanding of the effects that human use of the world's resources has on them as individuals (including health, wellbeing, and financial wellbeing), the school community, their locality and the world. Our review team will take on the role of 'critical friend', highlighting areas of strength around the sustainability agenda, but also identifying what can be improved.

Teaching & Learning Review

Children and young people's education through the pandemic has suffered. Research is clear that some groups of pupils have fallen further behind than others. A key responsibility of schools is the need to prioritise the teaching of missed content so that pupils will be able to make sense of later work in the curriculum. This includes key knowledge, skills, vocabulary, concepts, and the links between concepts. Our review team will take on the role of 'critical friend', highlighting areas of strength around the school's approach to teaching for education, but also identifying what can be improved.

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